First Quarter 2020

Questions and Answers

Forward-Looking Statements

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COVID-19 impact on the business

1. What actions has the Company taken to respond to the COVID-19 pandemic?

The Company has taken various actions to respond to the COVID-19 pandemic.

Firstly, and most importantly, the Company is following the World Health Organisation guidelines and implemented the guidelines of governments everywhere it operates. We continue to ensure extensive monitoring, introduced very strict sanitation practices, social distancing measures are applied at all operations, have implemented remote working wherever possible and provided essential personal protective equipment to our people.

The Company has also rapidly adapted production in-line with the demand environment. We continue to remain agile in terms of adapting production to demand and ensuring that our assets are maintained appropriately to enable them to restart when the situation improves.

In order to mitigate in part, the effect of weaker demand, the Company has temporarily reduced fixed costs in line with lower production as well as implementing other cost saving measures.

In addition, the Company is adapting its capex plans to the operating environment. With FY 2020 capex spend now expected to be approximately $2.4 billion (vs $3.2 billion previously).

All non-essential capex has been suspended, while the Mexico hot strip mill project, agreed Italian projects and certain projects to reduce CO_2 emissions continue. Maintenance capex spend is expected to be lower to match the reduced operating rates.

Impacts of COVID-19 on guidance:

2. What has been the impact of COVID-19 on guidance? Will you continue to provide this new near-term guidance?

The full extent of the economic damage attributable to the COVID-19 pandemic is highly uncertain and differs from country to country. The level to which GDP and steel demand may rebound will be dependent on the duration of restrictions in place, levels of unemployment and the fall in wider corporate profitability resulting from the measures to contain the crisis and the level of fiscal policy support available.

In these exceptional circumstances, the Company has decided to provide a more detailed guidance for 2Q 2020: with steel shipments for 2Q 2020 expected within the range of 13.5Mt to 14.5Mt; the actions taken to reduce all costs in line with reduced operating rates is expected to yield a reduction in fixed costs by 25%-30% in 2Q 2020 as compared to 1Q 2020 level; EBITDA for 2Q 2020 is expected to be within the range of $0.4 billion to $0.6 billion.

Given this uncertainty, the Company has withdrawn its forecasts for apparent steel consumption and consequently expects steel shipments in 2020 to be below the 2019 level.

This should not be viewed as a new policy to provide quarterly guidance, but the Company felt it prudent in these exceptional times.

3. Can you describe the actions taken to reduce fixed costs?

The Company is temporarily reducing fixed cost in line with lower production rates. As a result, 2Q 2020 fixed costs are expected to be 25-30% below 1Q 2020 levels. The steps taken by the Company include:

- Temporary labour cost savings: Senior management / Board of Directors salary reduction; utilizing available economic unemployment schemes to match workforce to operating rates; temporary layoffs; federal and state subsidy/grants; reduction/elimination of contractors, overtime reduction etc.
- Reduction in repairs and maintenance (R&M) expenses: Spend expected to be lower due to lower operating rates
- Reduced SG&A expenses: Fixed cost savings have been achieved from countries in which we operate where the currency has depreciated, as well as reduced SG&A expenses such as IT, travel, sales and marketing expenses, consultancy fees etc.

4. What are your cash needs expectations for 2020?

The Company expects certain cash needs of the business (including capex, interest, cash taxes, pensions and certain other cash costs but excluding working capital movements) to total $3.5 billion in 2020 versus $4.5 billion previous guidance. This includes a reduction of FY 2020 capex to be $2.4 billion (down from previous guidance of $3.2 billion). Interest expense in 2020 is expected to remain at $0.5 billion while cash taxes, pensions and other cash costs are expected to $0.6 billion (versus previous guidance of $0.8 billion).

The cash needs of the business were $1.1 billion in 1Q 2020. Given the revised guidance for FY 2020 of $3.5 billion, this implies $2.4 billion spend (~$0.8 billion per quarter) for the final nine months of 2020.

5. Please describe the actions taken to reduce capex?

The Company is adapting its capex plans to the operating environment. All non-essential capex has been suspended, while the Mexico hot strip mill project, agreed Italian projects and certain projects to reduce CO_2 emissions continue.

Consequently, the previous FY 2020 capex guidance of approximately $3.2 billion has now been reduced to $2.4 billion.

6. Has COVID-19 impacted your Action2020 cost improvement plans for this year?

At the beginning of the year we were targeting a further $1 billion cost improvement (both fixed and variable) in 2020. It is fair to say that this plan has been superseded by the significant cost actions taken in response to the COVID-19 crisis. As per our guidance we are reducing our fixed costs by 25-30% in 2Q 2020, essentially keeping fixed costs per-tonne at the same levels as 1Q 2020 despite the precipitous drop in volumes. While largely temporary, these measures exceed those planned under Action2020. Clearly as demand recovers and activity levels begin to normalise, we can refocus on the variable cost improvements we were planning. At the same time, we will be reviewing what structural changes need to be made to our fixed cost base going forward.

7. How did market-priced iron ore shipment volumes change versus the previous quarter?

Market-priced iron ore shipments in 1Q 2020 decreased by 11.0% to 8.6Mt as compared to 9.6Mt in 4Q 2019, primarily driven by lower shipments in AMMC (seasonality, unplanned maintenance and COVID-19 pandemic restrictions).

As a result of COVID-19 pandemic restrictions primarily enforced in AMMC market-priced iron ore shipments for FY 2020 are now expected to be lower by 5-10% as compared to FY 2019 (from previous guidance of stable year on year).

8. How did net interest change this quarter and what is the net interest expectation for 2020?

Net interest expense was lower $115 million for 1Q 2020 as compared to $140 million in 4Q 2019 and $161 million in 1Q 2019. Interest costs decrease in 1Q 2020 was primarily due to savings after bond repayments at the end of 4Q 2019. The Company still expects full year 2020 net interest expense to be approximately $0.5 billion.

9. What were working capital movements for 1Q 2020 and expectations for FY 2020?

During 1Q 2020, ArcelorMittal made a small investment in working capital of $0.1 billion as compared to a working capital release of $2.6 billion in 4Q 2019 and working capital investment of $0.6 billion in 1Q 2019.

Whilst it cannot at this stage provide specific guidance for working capital needs in 2020 (due to the fact that it will be determined by the extent market conditions recover in 2H 2020) the Company still expects to release $1 billion working capital as previously anticipated.

Balance sheet:

10. How has net debt changed this quarter as compared to 4Q 2019 and 1Q 2019?

Net debt has marginally increased by $0.2 billion to $9.5 billion as of March 31, 2020 compared to $9.3 billion as of December 31, 2019. The net debt as of March 31, 2020 was $1.7 billion lower as compared to $11.2 billion in March 31, 2019.

11. Can you provide an update on your asset optimization initiative?

As previously announced in the 2Q 2019 results and in line with our ongoing efforts to optimize our asset portfolio, we have identified opportunities to unlock $2 billion of value from the portfolio over the next 2 years. The Company has made good progress to date including stake sale in Gerdau ($0.1 billion) and sale of a 50% interest in the shipping business (total $0.5 billion net debt impact), of which $0.4 billion achieved in 4Q'19 and $0.1 billion in 1Q 2020.

Despite the challenges caused by COVID-19, the Company's $2 billion asset portfolio optimisation program continues to progress. Given suitable and viable buyers have expressed serious interest in certain assets, the Company remains confident in completing the program as expected by Mid-2021.

12. Does the COVID-19 impact the timeline of achieving the $7.0 billion net debt target by end of 2020.

Yes, the impacts of COVID-19 have introduced unanticipated challenges, but the Company continues to target achievement of its $7.0 billion net debt objective in the near term

13. Can you provide an update on your liquidity position?

As of March 31, 2020, the Company had liquidity of $9.8 billion, consisting of cash and cash equivalents of $4.3 billion and $5.5 billion of available credit lines.

Confirming the continued strong support of its key relationship banks, on May 5, 2020, the Company announced the signing with a syndicate of banks a new $3 billion credit facility (with tranches of $0.7 billion and €2.1 billion) hence supplementing its March 31, 2020 total liquidity of $9.8 billion.

Both the $5.5 billion and $3.0 billion credit facilities contain a financial covenant not to exceed 4.25x Net debt / LTM EBITDA. As of March 31, 2020, the average debt maturity was 5.2 years.

On December 19, 2018, ArcelorMittal signed a $5.5 billion Revolving Credit Facility, with a five-year maturity plus two one-year extension options. During the fourth quarter of 2019, ArcelorMittal executed the option to extend the facility to December 19, 2024. The facility may be further extended for an additional year in December 2020.

Capital allocation:

14. Can you provide an update on your capital allocation policy and balance sheet targets?

The Company's capital allocation policy is unchanged. An investment grade credit rating remains ArcelorMittal's financial priority, with a target to reduce net debt to below $7 billion (previous target of $6 billion was adjusted in May 2019 to reflect the impact of IFRS 16), to support solid investment grade metrics through the cycle.

ArcelorMittal intends to progressively increase the base dividend paid to its shareholders, and, on attainment of the net debt target, the Company is committed to returning a portion of annual FCF to shareholders.

15. Can you provide an update on your dividend?

Against the backdrop of significant cost savings measures being taken across the business, the Board determined it both appropriate and prudent to suspend dividend payments until such a time as the operating environment normalizes. As a result, no dividend from 2019 results will be proposed to shareholders at the Annual General Meeting now scheduled in June 2020.

Other topics:

16. Could you please provide us with an update on AMNS India? Any latest strategic developments?

On December 16, 2019, ArcelorMittal completed the acquisition of Essar Steel India Limited ("ESIL"), and simultaneously established a joint venture with Nippon Steel, called ArcelorMittal Nippon Steel India Limited ("AMNS India"), which will own and operate ESIL. ArcelorMittal holds 60 per cent of AMNS India, with Nippon Steel holding the balance. The results of AMNS India are now accounted for as equity from joint ventures on the profit and loss account.

Further strategic updates include:

- On March 3, 2020 the Company welcomed judgment by NCLT Cuttack approving AMNS resolution plan for the Odisha Slurry Pipeline Infrastructure Ltd (OSPIL). The 253km pipeline connects AM/NS India's iron ore beneficiation plant in Dabuna to its pellet plant in Paradip in the state of Odisha.
- On March 3, 2020, AM/NS India announced completion of the acquisition of Bhander Power Plant in Hazira, Gujarat from Edelweiss Asset Reconstruction Company for $70 million. Bhander, a natural gas-based thermal plant with an installed capacity of 500MW, will remain captive to AM/NS India's steel manufacturing operations at Hazira.
- In early March 2020, ArcelorMittal India Private Limited (AMIPL) was selected as the preferred bidder for a 5.5Mtpa mine capacity iron ore mine license in Odisha following an auction process facilitated by the state government, with an acquisition cost of $15 million. On conclusion of the license award process, AMIPL will seek requisite clearances, as well as mine development and production agreements, ahead of commencing mining operations. This is consistent with AM/NS India's medium to long term strategy to significantly grow our production capacity in India.

17. Can you provide an update on the AMNS India's current profit level and forecast?

We have been pleased with the interim management team's performance during the insolvency process, with production records having been achieved during the calendar year 2019. Many of the interim management team have been retained in the new JV which has ensured continuity of expertise and knowledge transfer.

AMNS India's operations have now been impacted by the COVID-19 pandemic and lockdown measures introduced in the country during late 1Q 2020, with the assets currently running at low utilisation levels. Despite these impacts, AMNS India reported crude steel production of 1.7Mt (7.0Mt annualized run rate) and EBITDA of $140 million ($560 million annualized) for 1Q 2020.

In addition, the cash needs (i.e. maintenance capex, interest and tax) are less than $250 million per annum, which supports a strong EBITDA to cashflow conversion rate.

On March 17, 2020, AMNS Luxembourg Holding S.A. ("AMNS"), the parent company of the AMNS India joint venture in partnership with Nippon Steel Corporation ("NSC"), entered into a $5.1 billion ten-year term loan agreement with Japanese banks. The proceeds of the loan have been used to refinance in full the amounts borrowed by AMNS in connection with the acquisition of ArcelorMittal Nippon Steel India Limited (formerly known as Essar Steel India Limited), including the amounts borrowed under the $7 billion bridge term facilities agreement.

18. What is the update on the current situation at ArcelorMittal Italia?

On March 4, 2020, ArcelorMittal announced that AM InvestCo and the Ilva Commissioners had signed an amendment (the 'Amendment Agreement') to the original lease and purchase agreement for Ilva. The Amendment Agreement outlines the terms for a significant investment by Italian state-sponsored entities into AM InvestCo, thereby forming the basis for an important new partnership between ArcelorMittal and the Italian government. The equity investment by the Italian Government in Ilva, to be captured in an agreement (the 'Investment Agreement') to be executed by November 30, 2020, will be equal to AM InvestCo's remaining liabilities against the original purchase price for Ilva. The Amendment Agreement is structured around a new industrial plan for Ilva, which involves investment in lower-carbon steelmaking technologies. In the event that the Investment Agreement is not executed by November 30, 2020, AM InvestCo has a withdrawal right, subject to an agreed payment. Final closing of the lease and purchase agreement is now scheduled by May 2022, subject to various conditions precedent.

19. What is the current situation regarding trade actions in Europe?

A new review has been initiated on the February 14, 2020, to assess changes to current market circumstances and potential adaptations to existing safeguard, for implementation on July 1, 2020 (if approved by EU Council).

Given the significant economic impact of the COVID-19 pandemic with reduced production and steel demand, significant capacities being idled in the EU, Eurofer is seeking an immediate and significant reduction of current tariff-free quota volumes.

20. What is your latest view on a carbon border equalization in Europe? Has the timeline been delayed due to the COVID-19 impact?

A carbon border equalization is an effective and fair way to ensure every country plays its part in reducing global CO_2 emissions. Until we have similar carbon emissions legislation and similar carbon costs across the globe, European Union steelmakers will struggle to compete, despite the European steel industry's significant investment in lowering its carbon footprint. This situation benefits no-one: moving steel production to countries where carbon emissions legislation is less strict, and where carbon emissions are therefore higher, means efforts to combat climate change would amount to very little. It means carbon emissions simply shift location. Despite the challenges with COVID-19, there are no indications that the Commission's timeline for investigating Carbon Border Equalisation has changed.